

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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G-02527A
Graham County Utilities, Inc.
PO Drawer B
Pima, AZ 85543

RECEIVED

ARIZONA CORPORATION COMMISSION
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 02	06
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PROCESSED BY:

4-9-07 RF

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Graham County Utilities, Inc.- Gas Division</u>		
Mailing Address <u>PO Drawer B</u> (Street)		
<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u>(928) 485-2451</u> Telephone No. (Include Area Code)	<u>(928) 485-9491</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u>russeb@gce.coop</u>		
Local Office Mailing Address <u>PO Drawer B</u> (Street)		
<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u>(928) 485-2451</u> Local Office Telephone No. (Include Area Code)	<u>(928) 485-9491</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u>russeb@gce.coop</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Russ Barney</u> (Name)		<u>Finance Manager</u> (Title)	
<u>PO Drawer B</u> (Street)	<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u>(928) 485-2451</u> Telephone No. (Include Area Code)	<u>(928) 485-9491</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u>russeb@gce.coop</u>			
On Site Manager: <u>Steve Lines</u> (Name)			
<u>PO Drawer B</u> (Street)	<u>Pima</u> (City)	<u>Arizona</u> (State)	<u>85543</u> (Zip)
<u>(928) 485-2451</u> Telephone No. (Include Area Code)	<u>(928) 485-9491</u> Fax No. (Include Area Code)	<u>(928) 651-6024</u> Pager/Cell No. (Include Area Code)	
Email Address <u>slines@gce.coop</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Leven B. Ferrin
(Name)
1536 Cherokee Lane Safford Arizona 85546
(Street) (City) (State) (Zip)

(928) 428-1602

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Michael M. Grant
(Name)
2575 East Camelback Road Phoenix Arizona 85016-9225
(Street) (City) (State) (Zip)

(602) 530-8000

Telephone No. (Include Area Code)

(602) 530-8500

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input checked="" type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

☐ **Electric**

- ☐ Investor Owned Electric
- ☐ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
 - ☐ Transmission Service Provider
 - ☐ Meter Service Provider
 - ☐ Meter Reading Service Provider
 - ☐ Billing and Collection
 - ☐ Ancillary Services
 - ☐ Generation Provider
 - ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☒ **Gas**

- ☒ Natural Gas
- ☐ Propane

☐ **Other** (Specify) _____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residence local exchange access lines	_____
Total business local exchange access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

STATISTICAL INFORMATION (CONT'D)

ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	_____
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____
Total kilowatt-hours sold	_____ kWh
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____
Maximum Peak Load	_____ MW

GAS UTILITIES ONLY

Total number of customers	_____
Residential	4,704
Commercial	247
Industrial	_____
Irrigation	7
Resale	_____
Total therms sold	_____ therms
Residential	1,829,548
Commercial	787,061
Industrial	_____
Irrigation	22,378
Resale	_____

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
COURT CLERK
DIRECTOR JUDGES

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
Graham
NAME (OWNER OR OFFICIAL) TITLE
Steve M. Lines General Manager
COMPANY NAME
Graham County Utilities, Inc. – Gas Division

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 4,285,367.25

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 290,970.30
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

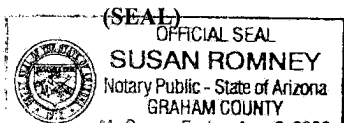
Steve M. Lines
SIGNATURE OF OWNER OR OFFICIAL
(928) 485-2451
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 1st DAY OF

COUNTY NAME	Graham
MONTH	<u>April</u>
	<u>20 07</u>



MY COMMISSION EXPIRES 08/02/2008

Susan Romney
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Graham	
NAME (OWNER OR OFFICIAL)	Steve M. Lines	TITLE General Manager
COMPANY NAME Graham County Utilities, Inc. - Gas Division		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

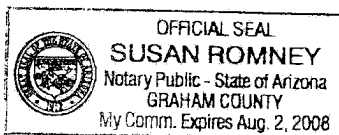
\$ 3,110,080.32

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 212,356.22

IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.



X Steve M Lines
SIGNATURE OF OWNER OR OFFICIAL
(928) 485-2451
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

4th

DAY OF

(SEAL)

MY COMMISSION EXPIRES 08/02/2008

NOTARY PUBLIC NAME <u>Susan Romney</u>	
COUNTY NAME <u>Graham</u>	
MONTH <u>April</u>	<u>2007</u>

X Susan Romney
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2006) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

FINANCIAL AND STATISTICAL REPORT Round ALL AMOUNTS to nearest dollar.	GRAHAM COUNTY UTILITIES, INC. GAS SYSTEM PIMA, AZ 85543 MONTH ENDING December 31, 2005
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CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Russ Barney

1/27/07

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

Steve M. Limes

1-27-07

SIGNATURE OF MANAGER

DATE

PART A. STATEMENT OF OPERATIONS

DECEMBER

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	(d)
1. Operating Revenue and Patronage Capital	2,430,743	2,902,533	2,514,455	545,346
2. Gas Production Expense	-	-	-	-
3. Cost of Purchased Gas	1,289,906	1,719,925	1,284,115	385,969
4. Transmission Expense	-	16	-	-
5. Distribution Expense - Operations	229,438	226,123	242,090	19,909
6. Distribution Expense - Maintenance	184,405	191,057	195,651	9,318
7. Consumer Accounts Expense	200,934	201,015	212,539	20,763
8. Customer Service and Informational Expense	-	-	-	-
9. Sales Expense	-	-	-	-
10. Administrative and General Expense	256,081	252,972	263,002	20,311
11. Total Operation & Maintenance Expense (2 - 10)	2,160,765	2,591,109	2,197,397	456,270
12. Depreciation and Amortization Expense	104,444	107,116	108,622	9,157
13. Tax Expense - Property	-	-	-	-
14. Tax Expense - Other	-	-	-	-
15. Interest on Long-Term Debt	103,318	115,753	122,167	10,230
16. Interest Charged to Construction - Credit	-	-	-	-
17. Interest Expense - Other	9,785	16,066	27,907	1,093
18. Other Deductions	-	-	-	-
19. Total Cost of Gas Service (11 - 18)	2,378,312	2,830,044	2,456,093	476,750
20. Patronage Capital & Operating Margins (1 - 19)	52,430	72,489	58,362	68,596
21. Non Operating Margins - Interest	3,748	12,505	-	2,250
22. Allowance for Funds Used During Construction	-	-	-	-
23. Non Operating Margins - Other	-	-	-	-
24. Generation & Transmission Capital Credits	-	-	-	-
25. Other Capital Credits and Patronage Dividends	6,581	7,453	6,581	-
26. Extraordinary Items	-	-	-	-
27. Patronage Capital or Margins (20 - 26)	62,759	92,446	64,943	70,846

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	63	59			
2. Service Retired		-	6. Miles Distribution	213	216
3. Total Services in Place	4,879	4,938			
4. Idle Services (Exclude Seasonal)	-	-	8. Total Miles (5+6+7)	213	216

FINANCIAL AND STATISTICAL REPORT	BORROWER DESIGNATION
	GAS SYSTEM
	MONTH ENDING
Round ALL AMOUNTS to nearest dollar.	December 31, 2005

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	3,380,993	26. Memberships	27,055
2. Construction Work in Progress	21,622	27. Patronage Capital	(75,934)
3. Total Utility Plant (1 + 2)	3,402,615	28. Operating Margins - Prior Years	
4. Accum. Provision for Depreciation & Amort.	1,740,483	29. Operating Margins - Current Year	72,489
5. Net Utility Plant (3 -4)	1,662,131	30. Non Operating Margins	19,957
6. Nonutility Property _ Net	-	31. Other Margins and Equities	-
7. Invest in Assoc Org - Patronage Capital	-	32. Total Margins & Equities (26 thru 31)	43,567
8. Invest in Assoc Org - General Funds	148,012	33. Long-Term Debt RUS (Net)	-
9. Invest in Assoc Org - Nongeneral Funds	-	(Payments - Unapplied \$_____)	
10. Other Investments	-	34. Long-Term Debt - Other (net)	1,599,829
11. Special Funds	-	(Payments - Unapplied \$_____)	
12. Total Other Property & Investments (6 thru 11)	148,012	35 Total Long-Term Debt(33 + 34)	1,599,829
13. Cash - General Funds	-	36. Notes Payable	-
14. Cash - Construction Funds - Trustee	-	37. Accounts Payable	1,235,132
15. Special Deposits	-	38. Consumers Deposits	67,825
16. Temporary Investments	-	39. Other Current & Accrued Liabilities	66,917
17. Notes Receivable - Net	-	40. Total Current & Accrued Liab (36 thru 39)	1,369,874
18. Accounts Receivable - Sales of Gas	424,686	41. Deferred Credits	-
19. Accounts Receivable - Fuel Bank	640,284	42. Miscellaneous Operating Reserves	-
20. Materials & Supplies - Gas & Other	82,599	43. Total Liabilities & Other Credits (32 +	-
21. Prepayments	23,037	35 + 40 thru 42)	3,013,270
22. Other Current & Accrued Assets	-	ESTIMATED CONTRIBUTIONS IN AID TO CONSTRUCTION	
23. Total Current & Accrued Assets (13 thru 22)	1,170,607	Balance Beginning of Year	642,879
24. Deferred Debits	32,520	Amounts Received This Year (Net)	39,223
25. Total Assets & Other Debits (5+12+23+24)	3,013,270	TOTAL Contributions in Aid of Construction	682,102

PART D. CONSUMER SALES AND REVENUE DATA

CLASS OF SERVICE	THIS MONTH			YEAR TO DATE	
	NO. RECEIVING SERVICE	THERMS SOLD	AMOUNT	THERMS SOLD CUMULATIVE	AMOUNT CUMULATIVE
1. RESIDENTIAL SALES	4,607	309,244	386,708	1,921,668	2,165,995
2. IRRIGATION SALES	4	102	193	14,782	12,511
3. COMM & INDUSTRIAL	243	132,893	155,495	757,657	703,147
4. TOTAL GAS SALES	4,854	442,239	542,396	2,694,107	2,881,653
5. OTHER GAS REVENUE			2,950		20,880
6. TOTAL	4,854	442,239	545,346	2,694,107	2,902,533

PART E. GAS STATISTICS

ITEM	THIS MONTH	YEAR TO DATE	ITEM	THIS MONTH	YEAR TO DATE
1. THERMS PURCHASED	553,710	2,688,110	6. OFFICE USE		
2.			7. UNACCOUNTED FOR	111,471	(5,997)
3. TOTAL PURCHASED	553,710	2,688,110	8. % SYSTEM LOSS	20.13%	-0.22%
			9. MAXIMUM DEMAND		
4. TOTAL SOLD	442,239	2,694,107	10. MONTH WHEN MAXIMUM DEMAND OCCURRED		